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DEPARTMENT OF STATE - WDC/HR

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(U) THE SOVIETS IN LATIN AMERICA:
TRENDS AND PROSPECTSSummary

(C) Mindful of the lessons of the 1962 Cuban missile crisis, Moscow has generally sought to avoid the risks of confrontation with the United States in Latin America. It has placed greater emphasis on traditional aid, trade, and cultural and educational exchanges than on support for local Communist parties or subversive movements. But underlying these activities is the Soviet expectation of a growth of anti-US feelings attendant to intensified national consciousness in the area. The 1980's could see much greater Soviet assertiveness in Latin America if that expectation is realized.

(C) Until the early 1970's, Moscow tacitly accepted the pervasiveness of US influence in Latin America, particularly in the entrenched military establishments of some countries. Now it senses opportunities growing out of some countries' dissatisfaction with US military assistance programs and is cultivating such elements in the hope of an entree to greater political influence.

(U) The USSR also looks to Latin American countries as a source of some food and raw materials. The substantial Soviet trade deficits with Latin America largely reflect imports of grain and other agricultural products from Argentina and Brazil. In an attempt to rectify its trade balance, Moscow has been pushing equipment sales, particularly hydroelectric power equipment, and continues to be an active bidder on new projects in the area. But Latin America's traditional preference for Western goods, as well as Soviet trade potential and practices, is a restricting factor.

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(U) Cultural and educational exchange programs, even in countries with which Moscow has no diplomatic relations, have garnered for the USSR access to ever-wider numbers of Latin American social groups; the Soviets have trained several thousand Latin American students and several hundred technicians in the course of the past decade. In some of the smaller countries--Bolivia, for example--Soviet exchange programs are disproportionately large in relation to the size of the local intellectual community and the population at large.

(C) Soviet political interest in the Caribbean basin has grown in recent years.

The Soviets have, however, carefully camouflaged their material support to "liberation struggles" in the area to avoid provoking US suspicions, preferring to let the Cubans take the lead in aiding such movements. Where political conditions appear favorable, they still generally advocate broad tactical alliances between Communists and other leftist groups; but they have never disavowed armed struggle as an alternative. They advocate the latter particularly in situations of revolutionary turbulence, such as Nicaragua in 1979, where the united-front tactic was not feasible as a path to power.

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(C) The Record of the 1970's

Despite the USSR's global strategic power, Latin America (excluding Cuba)* is still on the periphery of Soviet reach and vital interests. The Soviets evidently are biding their time in the Western Hemisphere in the expectation that Latin American disenchantment with the US will redound to their benefit. In the 1970's, Soviet concentration on economic and commercial contacts and generally low-key, non-ideological, government-to-government approaches allowed Moscow to remain out of the forefront of regional concerns and muted the image of a "Soviet threat." Even the widespread tendency to regard Cuba as a Soviet surrogate in Africa, and potentially in Latin America, has not made Communist penetration of the hemisphere a burning public issue in the region.

By emphasizing that their activities are confined to acceptable channels, the Soviets have sought to convey a sense of "other options" to countries preoccupied with US weight and pressure. While not overlooking any opportunities, they have preferred on the whole a gradual buildup of relations with those regimes promising stability to situations of political turmoil where their own carefully cultivated interests could be endangered by either the radical left or the radical right. They have learned in Latin America as elsewhere that anti-US feelings do not automatically translate into pro-Soviet sentiment; that reinforces their preference for gradualism over revolutions they cannot control.

Despite or because of this generally non-provocative approach, the decade of the 1970's was a mixed record of gains and losses for the USSR. The "qualitatively new" relationship with the area that the Soviets claimed to foresee at the beginning proved little different from the old by the end of the period.

--The failure of the Marxist experiment in Chile in 1973 dealt a severe blow to Soviet expectations and

* This paper does not address the Soviet-Cuban relationship.

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prompted serious debate within the Communist movement as to whether it was possible for Communists, in alliance with other leftists, to achieve and maintain power without the use of armed force.

- Even the use of armed force by leftist "liberation movements," as in Nicaragua, did not establish a reliable Soviet ally in the area.
- Trade, aid, and exchange programs multiplied but there have been no great leaps, only steady advances, forward.

Yet Moscow:

- became an arms supplier in the Western Hemisphere for the first time (again, excluding Cuba);
- saw a convergence of Cuban revolutionary strategy with its own, and perhaps an organic link between itself and Cuba in future support of subversive movements in the hemisphere;
- considers that it checkmated US challenges to its presence in the Caribbean, with possible implications for future US-Soviet competition elsewhere in the hemisphere.

The Soviet Presence: Diplomatic Ties

(U) Moscow's measured approach has been reflected in the slow but steady increase of its diplomatic presence in the region. Until recently it was largely excluded from the Caribbean (save for Cuba) and Central America (other than Mexico and Costa Rica). Now, it has missions in Trinidad and Tobago (1974), Suriname (1975), Jamaica (1975), and Guyana (replacement of a nonresident with a resident ambassador, 1976); has taken the first steps toward establishment of embassies in Nicaragua and Grenada (1979); and has extended recognition to ministates in the eastern Caribbean which only recently have become independent.

(S) Diplomatic ties were established but never implemented with Guatemala and the Dominican Republic. Ties with Chile were suspended after the fall of the Marxist regime there in 1973.

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(C) While maintaining relations with such ideologically divergent (to Moscow) regimes as Argentina, Uruguay, and Brazil, Moscow has consistently sidestepped relations with a number of countries--Haiti, Paraguay, Honduras, El Salvador--deemed to have reactionary or "fascist" regimes. These in turn have refused ties with the USSR. What Soviet contacts exist have been clandestine, through local Communist parties.

The Soviet Military Presence

(U) Arms transfers have become an increasingly important means of projecting Soviet influence in the Third World. Apart from Cuba, however, Latin America until the early 1970's had been largely impervious to the blandishments that gained Moscow entree into many post-colonial African states. The USSR's entry into the Latin American arms market in 1973 thus marked a significant breakthrough toward a long-sought Soviet goal: to be able to compete with the US in a region previously accepted as a virtual US preserve, and to provide an alternative to the US for countries embracing a more assertive foreign policy.

[] Arms sales, along with the arrival of Soviet advisers and technicians, have unquestionably strengthened

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Soviet-Peruvian ties. Moscow has become Peru's main supplier
of a range of sophisticated aircraft and other equipment

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Aid and Trade

(U) On the scale of aid and trade, Latin America continues to rank low in Soviet priorities. For example, 1978 was a record year for Soviet project aid to Third World countries, but Latin America (excluding Cuba) was close to the bottom of the list of recipients. Of a total of \$3.7 billion in credits and grants extended, only \$15 million went to the Western Hemisphere. Although the amount in 1977 was double that (\$30 million), it was still only a minor share of Moscow's total extensions that year. During the entire

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1954-78 period, Latin America received about \$964 million of a total Soviet aid package of \$17 billion. (Sub-Saharan Africa received just over \$1 billion in the same period. Cuba received \$3 billion in Soviet economic support in 1978 alone.)

(U) There are several inhibiting factors in the Soviet approach: apart from the fact that Moscow sees little political payoff through aid and credit extensions in the region, the Soviets have little to sell that the Latins want in terms of consumer goods. The Soviets want to obtain raw materials with minimal hard-currency expenditures, angling for barter deals that are not always favorable to the Latins. And they are hard bargainers, often engaging in protracted and, in the end, fruitless negotiations.

(U) Except for a \$29 million trade credit to Argentina in 1958 for petroleum and road construction equipment, Moscow's Latin American programs did not gather momentum until mid-1965. And only in the early 1970's were the aid and credit extensions further accelerated. They included, in part, support for the Marxist regime in Chile (\$182 million in 1972-73), but the greatest portion was for hydroelectric power development projects in Argentina and Colombia in 1974-75.

(U) The concentration on hydropower development assistance continues to the present. Soviet power equipment sales to Latin America since 1970 have totaled around \$500 million and have included:

- a \$175 million credit to Argentina in 1974, as well as contracts to design the Parana Medio project, a \$2.5 billion power and irrigation development, and bids on other major projects;
- a \$200 million credit to Colombia in 1975 (plans were completed in 1978) for the Alto Sinu hydropower project, the largest the Soviets have yet undertaken in the region;
- supply of equipment to the joint Argentine-Uruguayan Salto-Grande hydroelectric project, in which Uruguay has a 40-percent share of the \$80 million Soviet credit granted for this project.

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(U) In recent years Latin America has ranked third (about 10 percent), just below sub-Saharan Africa, in total

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USSR-LDC trade shares. Despite this low rank, Moscow values Latin America as a source of food and raw materials and as a market for Soviet machinery and, more recently, arms. Nonetheless, Soviet trade balances generally register a deficit and Latin American traditional preference for Western goods impedes any improvement. Moreover, the Soviets can be hard-nosed on prices, terms of agreement, etc. Soviet attempts to overcome these deficits by pushing arms and machinery sales have yet to be successful.

(U) Argentina is Moscow's chief trading partner in Latin America, with Brazil in second place (despite a traditional political coolness between the two partners). The USSR is a substantial purchaser of their agricultural products, the third largest customer for Bolivian tin, and now a major potential customer for Jamaica's and Guyana's bauxite.

Cultural and Educational Exchange

(U) Cultural and educational exchange programs over the last two decades have given the Soviets access to ever-wider numbers of Latin American social groups. Genuine exchange activity is still limited, however, with the bulk of students going from Latin America to the Soviet Union, and most cultural exchanges (artistic, sports, entertainment, etc.) going in the opposite direction. At no time has anything like parity in the two spheres or on the two sides been attained.

(C) Moscow has long maintained an active educational assistance program for Latin America. Since the early sixties, it has extended liberal scholarships and educational stipends to a total of more than 6,000 youths of nearly every country in the hemisphere to study in the USSR--which is about 10 percent of the total number of Third World students going to the Soviet Union for training.

(U) Noteworthy also is the fact that the Soviet scholarship program has included substantial numbers of students from countries with which the USSR has no formal diplomatic ties (e.g., Panama, Dominican Republic, Honduras). All these programs reflect a deliberate investment in hoped-for, future pro-Soviet sympathies of returnees, even if in many instances the latter have had problems getting recognition for their Soviet degrees or have been suspect at home on ideological grounds.

Official Activities

(C) Treaty relationships of the friendship-cooperation type are non-existent between the Soviet Union and Latin America. (Moscow has several such treaties with other Third World states.)

In the economic realm, several countries participate in CEMA (Council for Mutual Economic Assistance) commissions, though none is a full member.

(U) Politburo-level visits to Latin America have been rare, but CPSU Central Committee officials attend local party congresses. (In contrast, a succession of such visits have been made to Cuba, starting with Mikoyan in 1960, Kosygin in 1967, Brezhnev in 1974, and Suslov in 1975.) Summit-type contacts are few.

(C) Aeroflot, the Soviet national airline and the world's largest, serves 68 foreign countries but only a few in Latin America, the last major gap in its route network. Apart from Cuba, Aeroflot has service only to Peru, Mexico, and Jamaica.

(U) Out of a total of about 2,000 weekly broadcast hours in some 83 languages, only 119 hours weekly of the USSR's world broadcasting were to Latin America (1977 figures).

Communist Party Ties

(U) Communist parties (some by other names) exist in all Latin American countries; some are relatively new, but Moscow has had ties with others going back half a century

and more. Several parties have been proscribed for years and function clandestinely, with leaders often in exile, some in Moscow. Illegality of status, internal factionalism, divisions over the Sino-Soviet dispute, general disorganization, and lack of financial resources characterize many of the parties.

[] State relations often override party-to-party ties for the Soviets; Moscow does not hesitate to subordinate the local parties' interests to its own immediate foreign policy requirements where the two conflict. It also advises tactics that sometimes go against the grain of local government leaders.

[] (S) On the other hand, where leftist prospects appear favorable, Moscow does not hesitate to use both state-to-state contacts and party ties to pressure regimes to a politically leftward course.

[] (U) In terms of numbers, Communist parties of Latin America comprise nearly 10 percent of the total 3.6 million or so membership in nonruling parties of the world (1977 figures). Latin American party memberships are roughly comparable in total to the Near East and South Asia (non-ruling) combined, and far in excess of the totals for African countries, where party organizations traditionally have been few in number and weak.

Ideology and Revolutionary Tactics in Latin America

(U) Soviet theoreticians analyzing the Latin American scene take a long view of Communist prospects for coming to

power and establishing "socialism" in the hemisphere. They posit the argument that the ebb and flow of the revolutionary tide does not occur in all countries at the same time, which means that tactics and strategy must be flexible and shaped to the particular requirements of each specific situation.

(U) Basically, they set three paths for enhancing Moscow's own prospects through the use of local Communist and leftist groups:

- They consider local Communist parties the "vanguard" of the revolution, an important part of the network of ties making up the international Communist movement, with a prime objective of gaining legal status for those now operating underground.
- They generally view the violent political tactics of the ultra-left forces as opportunistic and diversionary, and prefer united fronts with a broad range of political and social organizations.
- They look to third countries (e.g., Cuba) to carry on subversive activities, such as aid to guerrilla movements, that will advance Communist prospects where the situations are propitious (e.g., Central America).

(U) Whatever the tactics employed, the goals of Communists in Latin America, as Moscow views them, remain standard:

- the establishment of broad, anti-imperialist coalitions-- "the main course of development of the continent's liberation movements";
- elimination of oligarchic regimes;
- formation of "progressive" governments;
- implementation of an "independent" (anti-US and pro-Soviet) foreign policy;
- elimination of foreign control of natural resources; and
- "democratic" reforms (i.e., expansion of the state sector of the economy and establishment of Communist regimes).

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(U) But Moscow clearly does not want the burden of another Cuba in Latin America, nor does it give evidence at the present time of intending to step in to "save" revolutions in Latin America à la Angola in Africa. The lesson it deduced from Chile was that Marxist revolutions must not only achieve power but must be able to protect themselves once they are in power. According to Soviet theory, "the revolutionary forces of Latin America still have not found an effective antidote" to the combination of imperialism and local reaction (Fascists) which destroyed the Chilean/Marxist revolution.

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(U) Nevertheless, in Peru, as well as in Argentina, Bolivia, Colombia, and more recently Mexico, where Communist parties are operating under legal conditions, Moscow is pushing for political alliances with other leftists. The Peruvian Communist Party has already formed such an alliance for the national elections in May 1980.

(S) Moscow's ostensibly aloof stance toward the guerrilla "liberation struggle" which overthrew Somoza in Nicaragua demonstrated Soviet preference for subversion by surrogates, particularly in the US backyard. Cuba, funnelling third-party aid to the Sandinistas and giving them direct support, thereby

successfully served as a bridge for the Soviet Union in Latin America. Outside assistance unquestionably assured the Sandinista victory, but in view of the political damage to relations with the US that Angola and Ethiopia had already caused, Moscow probably pressed the Cubans to keep their aid as clandestine as possible, while avoiding direct involvement itself.

(U) The USSR immediately took steps to establish a presence in Nicaragua, but initially it kept a low profile, allowing Cuba to stand in the forefront. Soviet commentaries have predicted similar "liberation" scenarios for El Salvador and other countries of the area. Press reports early in January that the first contingent of what may become one of the largest diplomatic missions in Latin America had arrived in Nicaragua signal an active Soviet role in the region.

Conclusion and Prospects

(U) Caution borne out of respect for US power, and acknowledgment that the US views dimly any change in the balance of power in a neighboring region, has been the main guide to Soviet policies in the Western Hemisphere. Nevertheless, Soviet approaches could change in the 1980's. Moscow's longer-range goal has been to deepen Latin convictions of a decline of the US in world affairs and to play upon a perceived long-term Latin American shift away from the US, even if there is no clearly perceptible shift toward the USSR.

(C) The Soviets are acutely aware that Latin America remains an area of major US sensitivity, but they also now challenge the traditional view that it is strictly a US preserve. In the past the Soviet Union has not been a significant casual factor in the region but rather an opportunistic, selective exploiter of events for whatever advantage it could gain without costly commitments. A more immediate objective is to reduce US political and economic influence, and eventually to eliminate it where possible. By depicting the US as the main obstacle to realization of national identity and development, the Soviet Union tries to exploit as well as reinforce Latin American nationalism and anti-US attitudes.

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(C) Soviet assessment of what the US will tolerate will continue to be a guide to future Soviet policies, but Moscow will increasingly test and probe for US limits. It will continue to channel its main efforts in state-to-state relations and build up its presence in legitimate ways wherever possible. While it probably will eschew open identification with guerilla and liberation forces through direct arms aid, it will not disavow armed struggle as a means to power. And along with clandestine aid to these forces wherever prospects appear favorable, Moscow will actively search for greater political influence by other means. In this sense Latin America is likely to become more of a competitive area between the superpowers in the 1980's.

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